

STATE OF SOUTH DAKOTA  
DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES  
BOARD OF MINERALS AND ENVIRONMENT

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IN THE MATTER OF	)	
THOMAS L. SUNDE'S	)	PETITION TO REVOKE DRILLING
VIOLATIONS OF	)	PERMITS
SDCL CHAPTER 45-9 AND	)	&
ARSD ARTICLE 74:12	)	PETITION FOR FORFEITURE OF
	)	SURETY
(O & G Permit Nos. 121, 340, 342, 348,	)	
416 and 2066)	)	

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The Minerals, Mining, and Superfund Program of the Department of Agriculture and Natural Resources (Department), through the undersigned counsel of record, hereby petitions the Board of Minerals and Environment (Board) for a contested enforcement hearing regarding the potential revocation of Thomas L. Sunde's (Sunde's) permits to drill, and forfeiture of the sureties associated with these permits. This petition is filed pursuant to South Dakota Codified Law ("SDCL") chapters 1-26 and 45-9, and the Administrative Rules of South Dakota ("ARSD") articles 74:09 and 74:12.

In support of this petition the Department states and alleges as follows:

1. The Department is the state agency, along with the Board, that regulates the production of oil and gas resources in the State of South Dakota, pursuant to SDCL ch. 45-9.

2. Specifically, the Board has been granted authority by the South Dakota Legislature to administer and enforce the provisions of SDCL ch. 45-9, and may delegate that authority to the Department. SDCL 45-9-13 and 45-9-54.

3. Thomas L. Sunde holds the following Permit to Drill numbers: 348, 340, 342, 121, 416, & 2066.

4. As authorized by these permits, Thomas L. Sunde operates six oil and injection wells located in Custer County, South Dakota at the following locations:

- a. Ozark 2 Coffing, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
- b. Ozark 1 Coffing, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
- c. Dodgin 1 Coffing, located in the northeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
- d. Helms 1 Coffing, located in the northeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
- e. Ozark 3 Coffing, located in the southeast quarter of the northwest quarter of Section 34, Township 6 South, Range 2 East.
- f. Sunde 1-6-2-34 Spencer, located in the northwest quarter of the southeast quarter of Section 34, Township 6 South, Range 2 East.

5. Thomas L. Sunde initially submitted a \$30,000 statewide Plugging and Performance Bond, in accordance with SDCL 45-9-15, as required surety for the wells authorized by the Permits to Drill held by Mr. Sunde. The bond was submitted as a surety bond, number 1114551, issued by Lexon Insurance Company, Louisville, KY. A copy of the Plugging and Performance Bond is attached to this Petition for reference.

6. On September 2, 2020, due to statutory changes, the department received a bond rider increasing the surety amount from \$30,000 to \$100,000. A copy of the Bond Rider is attached to this Petition for reference.

7. Thomas L. Sunde operated, but reported no production since July 2022 for the following wells:

- a. Helms 1 Coffing, API No. 40 033 05015, Permit 121.
- b. Ozark 1 Coffing, API No. 40 033 05010, Permit 340.

8. Thomas L. Sunde operated, but reported no production since October 2022 for the following well:

- a. Dodgin 1 Coffing, API No. 40 033 05012, Permit 342.

9. Thomas L. Sunde operated, but reported no production since December 2022 for the following well:

- a. Ozark 2 Coffing, API No. 40 033 05005, Permit 348.

10. Thomas L. Sunde operated, but reported no injection since December 2022 for the following saltwater disposal well:

- a. Ozark 3 Coffing, API No. 40 033 05113, Permit 416.

11. The Administrative Rules of South Dakota (ARSD) § 74:12:03:03 states:

**Temporary abandonment of a well.** Written approval must be obtained from the secretary for the temporary abandonment of a well. A well that is not completed with production casing may not be temporarily abandoned and must be plugged immediately. A well with production casing may not be temporarily abandoned for more than six months, unless the operator is granted an extension by the secretary.

Before approving a request for extension, the secretary may require mechanical integrity testing of the temporarily abandoned or shut-in well. A temporarily abandoned or shut-in well that successfully

passes a mechanical integrity test may not be required to undergo another test for five years unless the secretary finds that circumstances have substantially changed to alter the condition of the well.

The manner in which the well is to be maintained must be reported to and approved by the secretary. Bonding requirements must be met until the well is permanently abandoned.

12. Thomas L. Sunde drilled the Sunde 1-6-2-34 Spencer well in October 2015 and temporarily abandoned the well in September 2020. The well has never produced.

13. The following wells have been idle since July 2022 and have not been temporarily abandoned:

- a. Helms 1 Coffing, API No. 40 033 05015, Permit 121.
- b. Ozark 1 Coffing, API No. 40 033 05010, Permit 340.

14. The following well has been idle since October 2022 and has not been temporarily abandoned:

- a. Dodgin 1 Coffing, API No. 40 033 05012, Permit 342.

15. The following well has been idle since December 2022 and has not been temporarily abandoned:

- a. Ozark 2 Coffing, API No. 40 033 05005, Permit 348.

16. The following saltwater disposal well has been idle since December 2022 and has not been temporarily abandoned:

- a. Ozark 3 Coffing, API No. 40 033 05113, Permit 416.

17. Failure to plug and abandon, produce, or temporarily abandon Thomas L. Sunde's Helms 1 Coffing, Ozark 1 Coffing, Dodgin 1 Coffing, and Ozark 2 Coffing oil wells is a violation of ARSD 74:12:03:03.

18. Failure to plug and abandon, inject, or temporarily abandon Thomas L. Sunde's Ozark 3 Coffing injection well is a violation of ARSD 74:12:03:03.

19. On October 30, 2023, the Department directed Thomas L. Sunde to take action and bring the Helms 1 Coffing, Ozark 1 Coffing, Dodgin 1 Coffing, Ozark 2 Coffing, and Ozark 3 Coffing wells back on production and injection by December 31, 2023, in accordance with ARSD 74:12:03:03.

20. On April 5, 2024, the Department issued a Notice of Violation and Order to Thomas L. Sunde regarding the above discussed wells. The Notice of Violation indicated that if Sunde did not contest the allegations contained in the Notice within thirty days the allegations were to be deemed admitted. A copy of the Notice of Violation and Order is attached and incorporated into this Petition by reference.

21. To date, Thomas Sunde has not taken any action to bring the wells identified above back on production or injection, nor has the Department received any plugging plan for approval prior to plugging and abandoning said wells.

### **RELIEF REQUESTED**

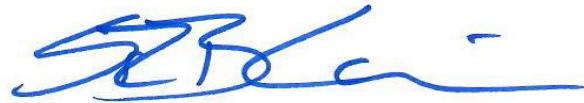
Due to Thomas L. Sunde's failure to comply with the Order issued by the Secretary, the Department respectfully requests the Board enter an Order stating the following:

1. Ordering that Oil & Gas Permit nos. 348, 340, 342, 121, and 416 be revoked for failure to comply with the terms and conditions of said permits and the applicable statutes and administrative rules of South Dakota; and

2. Declaring that the above-referenced surety, in an amount totaling one-hundred thousand dollars (\$100,000), be forfeited to the State of South Dakota, and instructing the Department to carry out all activities necessary to transfer the proceeds to the Department.

3. Ordering that permit 2066, associated with the Sunde 1-6-2-34 Spencer well, be revoked due to lack of surety pursuant to SDCL 45-9-15 pending forfeiture of surety bond number 1114551, issued by Lexon Insurance Company, Louisville, KY.

Dated this 10<sup>th</sup> day of September, 2024.



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